

Jim Lueders Interview
OH 2334_13
Montana Historical Society
Montana Brewery Oral History Project
April 24, 2017

Brian Shovers: My name is Brian Shovers. Today I'm interviewing Jim Lueders, down in Stevensville, Montana. The date is April 24, 2017. My first question is, what sparked your interest in brewing beer?

Jim Lueders: I guess I had an interest in brewing beer early on. I think it came in the mid-seventies when I was still in high school.

BS: Really?

JL: Yeah, of course, that's when the teenager boys are maybe starting to experiment a little bit. I was the one in the group of probably gravitating towards let's buy some import beer, get something that's quality. There would always be complaints about the money and that kinda thing, for the expense of that.

BS: Right.

JL: But I had an interest early on. When I came out to Montana, to go to the University of Montana, I had a friend of mine that had some homebrewed beer. He took me into the park in Missoula and we drank some of his home brewed beer, which was actually pretty good. I was surprised. I didn't know ... never heard of anybody doing that actually at that point. The is the early-eighties. That got me kinda of excited about it. I think I found a used thing ... a used homebrew kit in a garage sale and that's how I got started.

Early-eighties I start homebrewing. I graduated from U of M in '85 and then in '87 I started at the Bayern Brewery. Then ... then started my commercial application as a brewer, I guess you could say. Bayern Brewery -- the equipment was being put into place June of 1987. I was there. I made a point of meeting the folks there and ... and prior to that, I was semi-interested in the brewery concept -- kinda watching the craft brewing industry grow. I was very interested. I just volunteered my time. Daniel Carey was the consultant who was in charge of the startup for the Bayern Brewery. He also started up the Kessler Brewery in Helena, maybe a year or two before, I think. He was hired to do the startup. Then Jürgen Knöller was brew master, who was to replace him and take care of operations. Daniel Carey was to ... went off to other things. Daniel and I worked together for two plus months, I believe, getting the first brews in tanks and filling kegs and packing the cooler room full. Getting all ready for opening day, which was August 6, 1987 at Missoula's Northern Pacific. The Bayern Brewery was a separate entity. We sold the beer to the Northern Pacific, which was just on the side of the wall. For the most average person, it looked like the same business, but it actually was not.

BS: Where did the equipment come from for that brewery?

JL: The equipment was made by JV Northwest in Canby, Oregon or just south of Portland. They were a kinda young fabricator in those days.

BS: Do you have any idea of what the cost of setting the thing up was?

JL: I think -- if I was to estimate it, I would say it was probably close to \$150,000 installed. All the brewing equipment installed, I would guess that probably pretty safe number. I do recall, since I did the books for the Bayern Brewery, as well as half the production work, I recall the equipment being paid for in a year.

BS: Wow!

JL: Which was shocking to some of us.

BS: Right.

JL: That was a quick payoff, I would say, for the investors.

BS: What was the Greater Montana Brewer's Cup?

JL: Well, that was the first brew fest in the state of Montana. That was in 1989. We -- me and a couple other members of the home brew club, the Zoo City Zymurgists, which was another organization. I guess you could say it was the first homebrew club for the state of Montana. I helped organize that as well. Couple of us decided let's put on a brew fest in Missoula. We did it. It was kinda three-fold. It was a homebrew competition, where homebrewers from Montana and the states around Montana sent their samples of homebrew to us. We, some of us in the club, became certified beer judges in the process. We ... it was a sanctioned judging event in Missoula. There was people from Washington, Oregon, Idaho and Montana that sent their beers in. We had a pretty good amount. It was ... that part was pretty successful.

Also, we had flown in a couple of individuals from out of state to give seminars or talks on the brewing industry and the brewing process. This was for the benefit of homebrewers and beer enthusiasts to learn a little bit more about beer and brewing. We had -- it was a several-day event. And it culminated on the last day, which I believe was a Saturday at Caras Park. That's where we had a brew festival, like what you'd see today, but much smaller scale and less breweries cause in those days we didn't have the numbers of brewers that we have now. We had breweries, craft breweries, I think, all the way maybe from northern California. I seem to remember maybe Sierra Nevada being there or something and some Oregon breweries cause they were anxious to get into their markets, probably. The idea of them showcasing their products in Missoula, Montana made sense. There wasn't a lot of Montana breweries, obviously at this point either. That was fun! That was at Caras Park. We were overjoyed that we just made over break even for that event. We were all happy about that cause we were all kinda nervous that maybe we'd lose money cause nobody had done this before.

BS: Right. Do you have any idea how the name Bayern came about?

JL: Well yes. The owner and financier Reinhard Schulte, a German man, from Bavaria. Bayern is the German word for Bavaria. Bayern is the southern-most province, you could say, of Germany. He was from there. It meant something to him personally. Although I think, from a standpoint of marketing or, you know, and for beer brand in America, it maybe was a difficult word for a lot people because a lot of people don't know how to pronounce it and have trouble with it. It sounds like Bayer aspirin or something. I don't know if it was a great choice.

BS: Right.

JL: That's what he went with. Of course, he had a German man that he hired that was fresh out of brewing school, Jürgen Knöller, who was also from Bayern or Bavaria, to head off his brewery. He handpicked him.

BS: Right.

JL: Jürgen arrived, actually, on opening day, August 6, 1987. I remember that day because I was at the brewery and he had never been in the United States. He flew into Missoula and came right from the airport to the brewery. I was introduced to him as his assistant brewer. I got on the payroll that day.

BS: Oh. When and how did you start Wildwood Brewery?

JL: I did . . . I worked for three years at the Bayern and decided that I needed to get an education in brewing because it seemed to me that this was gonna be my career for my life. Jürgen, very knowledgeable brewer, but I couldn't learn enough from him every day. I decided to go to Germany and study. I spent all of 1990 studying in Germany and it was a master's program condensed into a year for an international group without any vacation time.

When I came back, I started consulting. I consulted with the brewing industry for . . . since . . . I guess it would've been 1992 on. The first startup I had was the Saxer Brewing Company in Portland, Oregon. I have that equipment here. So that is the brewhouse of the Wildwood Brewery. I started Saxer in '92 and we were operational in early '93. I headed off production there for, I don't know, the first forty or fifty brews. I'll guess. Then I left the company. They went on for another, maybe eight years. They folded the company. I think it was not for any reasons in particular other than I believe the owners were kinda tired. It wasn't . . . it served their purposes from a business standpoint, I think. It made good beer, I understand to the end, and market was surely there, but they decided to get out of it.

The brewing equipment . . . they offered on the market, but it wasn't a good time to sell brewing equipment. This was in early-2000s because in the nineties we had five breweries a week opening in the state of Montana. Huge growth. This is across the country, I should say, not just Montana. Then the first bubble burst happened in the early 2000s. We had three breweries a week closing. There was a glut of used equipment on the market. They . . . even though this equipment was beautiful, nobody could really sell used brewing equipment then because people were a little gun shy about it. That was my benefit.

I ended up buying this equipment which I knew better than anybody. I set it up the first time. I operated it. I knew it was a bargain. I got a really good deal on it. I bought it and stowed it away here in Missoula, Montana. I didn't know if I would be able to use it or not. I had a lot of pieces of the puzzle to figure out. I didn't have great financial backing or any other things going for me at the time and no property. I spent the next eight years planning the Wildwood Brewing. Also finding bargain equipment. I knew a bargain when I saw it. I would grab it and put it off to the side, thinking well I'm gonna need this someday if I'm gonna build my own brewery. I thought well if I'm not, then I'll end up selling it. Hopefully, I'll make a little profit.

Over the course of eight, nine years, I actually started . . . my dream started looking more viable. I found this piece of property, here outside of Stevensville and bought it. Started building here in 2009. I bought that used equipment in 2002, by the way. Then, in 2009, I finally was able to start working with it. Restoring it. I had to go through it piece by piece and restore it. Make it like new. This was a three-year building project. It was a bare piece of ground and I was the general contractor. Mostly the laborer as well. I would hire people as I wanted help through various things. It took two years to put the building up and a year to put a brewery inside. It was a three-year building project. We opened for business in 2012 – at the end of 2012.

BS: That whole . . . from the time you started with Bayern . . . so you continued to work as a consultant all those years?

JL: Yes, and that's how I survived. I made a living. I still do consulting work. Last year I had three brewery start-ups. This year, I've got two so far. I'm hoping to get maybe some more. It does keep me going. I really enjoy that work a lot. It's hard to give it up.

BS: That all been in Montana?

JL: No, my projects are scattered around the country and the world. I've had some interesting projects in some faraway places. The projects in the United States go all the way, you know, from southern Florida to northern Washington and San Diego to the tip of Maine.

BS: Really! Where overseas?

JL: I've had projects in Japan, Trinidad, West Indies, Africa, the Dominican Republic, Mexico, Bhutan, Venezuela. Some interesting projects.

BS: Jeez! Was distribution . . . has distribution ever been an issue for you?

JL: For sure. It continues to be a big issue. When I was planning and even building the Wildwood Brewery here, the wholesale model that I was proposing to do here, was very viable and looked good. I kept on that path, but its . . . its . . . the windows closed in the meantime. There's so many brands on the market. The marketplace is very busy with craft beers. The wholesalers are having a hard time managing all those brands, I would say. There's limited shelf life or shelf space, I should say, in taprooms . . . the tap handles to get. It makes it hard for breweries to nowadays to get into the market and get representation. Distribution is definitely a huge challenge these days. Specially in a state, like Montana, which is large and there's a lot of area to cover.

BS: Right.

JL: We've had some hard times with distributors. We are now self-distributing our project in this local area. That's since just recently. Still looking for wholesalers to represent us outside of this area.

BS: Right.

JL: It's very hard. Most of them aren't taking new brands. Aren't even entertaining the thought of new brands because it kinda takes away from what they are already doing. Maybe takes market share from what they already have in their own house. I can kinda understand their perspective, but nevertheless it's hard for new breweries or breweries that are smaller to get into the marketplace.

BS: Do you experience pushback from the tavern keepers?

JL: You know, I'd never really experienced that too much to any great extent. There's always a couple of anomalies. We have some tavern owners that feel threatened by the breweries – the small breweries. They would just choose not to represent those products in their restaurant or bar, which I think is to their own detriment because I think most consumers, whether you're a local or a tourist, you're looking for local craft beer.

BS: Yeah.

JL: I think they really need to have those products, otherwise they're not gonna be catering to the needs of the consumer.

BS: Right. What was the source . . . in terms of supplies and sources of supplies, such as malt and hops, where do you go to get those?

JL: Well, we are . . . we chose to make all our beer certified organic, which has some limitations then to where we can get raw materials. I buy most of my malt from Gambrinus Malting in Armstrong, British Columbia.

BS: Right.

JL: In my opinion, they make the best malt, hands down, in North America. So, I'm happy to buy their products. They do have organic malt, as well as conventional. Then, some of the other bag malt that I'll get, actually comes from Germany, from Weyermann which makes very good malt. I've bought from others, but I use predominantly those two suppliers for malt. Then, hops are a much smaller part of the whole puzzle. For grain, in my batch size, is thirty-hectare liters. I might use between 12 and 1800 pounds or so for grain. The hops might only be a small percentage of like five to ten pounds. That can be UPSed in pretty easily. I'll get hops from Germany or the [United Kingdom] UK. I wish I could buy them local but there just isn't any local suppliers for me for organic. That's very limited, if there was local, I would certainly take that option.

BS: You expect Montanans to start growing hops anytime soon?

JL: They are slowly. Yep, we'll see there's a small local grower, here in the Bitterroot [Valley], just south of us. They just got started last year, so it'll take some time for them to get situated. There's one up in the Flathead [Valley], too. I think it's north of Kalispell. They've been operational for a couple of years, I believe. I encourage people to do that. I think this is a very good climate to grow hops. It could be good if we had more hops producers in Montana.

BS: Right. What's the source for your cans?

JL: I buy cans from one of the very large aluminum suppliers, Crown, Cork & Seal. They have plants in Mississippi and Wyoming and maybe California.

BS: Right.

JL: I get blank cans and my push shrink sleeve label on them.

BS: During the 1990s, what was the public's perceptions of microbreweries?

JL: Well, in the nineties, the craft brewing industry was still young and it was a novelty to a great extent ... the breweries, the craft beers. There was some ... was some bit of challenge with breweries producing a high-quality beer and doing it consistently. Some of them were struggling with that. I think that in those days, you could get away with producing beer that was a little bit rough, I could say. Just because of the novelty of it and newness of it, and people wanting to come to check it out. That actually hurt the industry to some extent because the mainstream beer drinkers would try this new beer -- this craft beer -- and it would be a little bit rough and not quite balanced and that would turn them away. They might loop all the craft beers or microbreweries into that category, saying "Well, I'll stick to my Budweiser. Thank you, I don't really care for that stuff." Which is unfair obviously to a lot of them that were producing a good beer, but that was the case. That's what we had. Growing pains, I guess you could call it, breweries that were ... we were lucky here in Montana. The first two breweries to start up -- the Kessler and the Bayern -- had good, skilled brewers that made very good product and knew how to do it consistently. Some of the other ones that got started up later, maybe had some trouble and this is what we saw across the country. That, in conjunction, with equipment suppliers that didn't quite know how to design brewing equipment, also made it hard for brewers to make a good beer. The industry was growing fast and it was hard for the industry to keep up with it. Not enough skilled brewers. Not enough skilled equipment manufacturers to satisfy this growing need for new breweries.

BS: What were the expectations of microbrewers and what was the reality of the business?

JL: Well, I think ... I think in the early days, a lot of brewers probably had the thought or the expectation that brew it and they will come. To a great extent, that was true actually, because of the novelty of it. But with the challenges and the reality of trying to make a good quality -- a high quality and consistent beer -- the realization that there was more to it than ... than what some may have thought at the beginning. I think in those days too, you didn't really even need to spend a whole lot in marketing or advertising because they did kinda come out -- people. It was something new and they were interested in it, but if you did make a bad beer, I think maybe you were losing some customers. That would hurt the industry in the general sense.

BS: Was there any difficulty in attracting investors?

JL: We certainly, in the early days, when it was a still novelty, people weren't sure if this was a fad and it was gonna go away or what, so there ... there was some of that sentiment. Past 1990s, I think it was real solid that this industry was here to stay and people were more willing to invest their hard-earned money.

BS: Tell me about the formation of the Montana Brewers Association.

JL: Well, I can't speak too much about the Montana Brewers Association and some of the legislation that ... that came during that period. I wasn't too active.

BS: Right.

JL: I was out of town a lot working on projects and I didn't have my own brewery in those days, so it didn't seem to affect me directly so I didn't get involved too much and make the time to do that. I can't speak too much on that.

BS: You don't know a whole lot about the legislation that was finally passed in 1999 to allow microbreweries to serve on premises, to sell?

JL: Yeah, I knew about it. I just wasn't involved of any of that work that people did to make that come about. Of course, I was watching it. I always thought that ... there was a dream in the back of my head, that I'd maybe start a brewery someday. I wasn't sure where yet, but Montana's kinda my home.

BS: Right. As I understand it, the 10,000-barrel limit was altered this [2017] legislative session. I guess now there's a 60,000-barrel limit and in terms of other places, do you think Montana's laws regarding brewing are more restrictive than other places?

JL: Absolutely. I think that's absolutely true. Montana's definitely behind the curve as far as legislation and having a restricted marketplace. That has really hurt this industry in our home state of Montana more than anything. There's some funny laws that we have to deal with. Now that particular law doesn't affect me very much cause I'm small still. I think that has really only benefited the breweries that are already doing well and have been in the game for a long time. For any newcomers, it has no effect whatsoever.

BS: Let's see, how important is the industry, do you think, to the Montana economy?

JL: Oh, I think it's has great impact on many levels. I think that's been shown. There's been some well-done reports on the effect to the Montana economy. I know that there's a lot of people -- tourists will come to our brewery here. They're traveling and they're actually making their vacation around brewery stops, which is always surprising, but a lot of people do that. It helps tourism, for sure. I would say. That helps all the small businesses connected with that.

BS: Yeah, I think I read somewhere that there's 1400 people employed in the actual manufacture and I don't know if that includes distribution as well. That's a fair number of people. How important do you think microbreweries are to the social fabric of the communities?

JL: I think that's also has a great affect. People are social creatures and they want a place to come to. I think beer historically, has been maybe a lubricant -- a social lubricant, if you will. It goes way back in our DNA. Many thousands of years. Maybe, maybe as much as 10,000 years.

BS: Right.

JL: There's arguments that have been made that probably have some merit, that a lot of cultural aspects had begun because of human beings' desire to settle down and produce beer and stop being hunter/gatherers and start doing agriculture. Maybe a lot of things came from that. Languages and arts and all kinds of cultural things. It's very interesting, I think, and it goes back for human beings. People go to the local pub or tavern all over the world. Sometimes, you know, even with people there ... you'll make new friends and meet people that you didn't expect to make an alliance with. You might have that possibility. People let their guard down a little bit. Problems are solved, sometimes on the back of a beer napkin! Happens -- it's happened a lot, I'm sure over the years. It's a wonderful thing.

BS: Right. Those are all the questions I have. Is there anything you'd like to add?

JL: No, I can't think of anything. I think the industry continues to mature and that's good a thing.

BS: How many people actually work here at the brewery?

JL: You'd stepped in when we're canning beer, so there was five people on the canning line, generally, it takes to package beer. Then I have four or five servers that work different shifts. It's mostly just me in production at this point. I do all the production work mostly myself. Except for packaging days. I have one sales manager. We're pretty small still.

BS: Right. Do you have ambitions to become larger?

JL: Well yeah. We're struggling to get on the map still and become known. The reasons we're struggling because it's hard to get representation in the marketplace. It's very competitive out there. We're having great difficulty with it, so we're five years old now and we're still under compacity. We struggle along, trying to get known. It's a daily battle out in the market place.

We have historically been in all the brew fests that they have during the year and that's a good way to get exposure. The Garden City Brew Fest is coming up May 6, in Missoula at Caras Park. That's probably the biggest brew fest in the state, I would say. We've historically been in that brew fest for the years prior and this year I thought we were in it. I filled out the papers and submitted the beers that I would have at that brew fest and then a couple weeks ago, I was told that I was voted out. I didn't get a good reason for why that was. The reason, the excuse I was given was that they're changing it up this year and they are not letting some of the local breweries in it, so they can allow other breweries from out of the area to showcase their beers that don't have a chance to.

I thought, "Well, that's an interesting idea." I went on their website, the [Missoula] Downtown Association website, that puts on the brew fest every year. All the local breweries were included except for Wildwood. We were on that list too. Up until a couple weeks ago, when we were taken off. All the other breweries, even the little breweries that don't distribute their beer, are included that brew fest. For some reason, we were zeroed out. They decided they didn't want Wildwood there. I really, I don't understand why. I can't think of any particular reason. It seems to me, it might be some political thing.

We've done well at that. That's the only sanctioned, judged beer festival we have in the state. We win ribbons or medals almost every time we go there. I've won best beer in the state, best lager beer. I've got a pile of 'em so we seem to walk away with some kind of award when we go there. I'm not sure why they don't let us in this year, but we're not part of the two big distributors. They have a lot of power, I know, with the Downtown Association. In fact, it was the owner of Zip Beverage who called and left a message on my machine saying that we'd been voted off.

BS: What's the names of the distributors?

JL: Zip Beverage and Summit Beverage. I wanted to be apart their organizations, but they are not interested in representing us. It's strange, but that's the world that I exist in. I guess.

BS: Okay, well I don't have any further questions. Thanks for your time!

JL: Thank you Brian!

[recording ends]